



AMHERST TOWN COUNCIL

RFD#

Date: April 22, 2024

TO: Mayor Kogon and Members of Amherst Town Council

SUBMITTED BY: Sarah Wilson, Director of Finance

DATE: April 22, 2024

SUBJECT: General Borrowing Resolution

ORIGIN: 2024-25 Operating Budget

LEGISLATIVE AUTHORITY: Municipal Government Act, section 84 states that a municipality may borrow to cover the annual current expenditure of the municipality that has been authorized by the council, but the borrowing shall not exceed fifty per cent of the combined total of the taxes levied by the municipality for the previous fiscal year and the amounts received, or to be received, by the municipality from Her Majesty in right of Canada or in right of the Province or from an agency of Her Majesty.

RECOMMENDATION: That Council approves a general borrowing resolution to authorize the borrowing of up to \$7,700,000 from the Royal Bank of Canada to meet the cash flow requirements of the Town of Amherst for the year ending March 31, 2025.

BACKGROUND: Each year, usually in conjunction with approving the budget, Council approves a general borrowing resolution to authorize the borrowing of up to \$7.7 million from the Royal Bank to meet expenditures of the Town until such time as the taxes are levied and collected. In prior years the borrowing limit was \$2 million but in 2020/21 the borrowing was increased to \$7.7 million due to the uncertainties of the COVID-19 pandemic. Per section 84 of the Municipal Government Act, the Town can borrow up to 50% of the combined total of the taxes levied by the municipality for the previous fiscal year and the amounts received. The borrowing limit of \$7.7 million is now the approved annual limit with Royal Bank for the Town of Amherst. This does not mean that the Town will borrow this amount, it just means that it is able to. During 2020/21, 2021/22, 2022/23 and 2023/24 the Town did not need to access any of the borrowing.

DISCUSSION: This general borrowing resolution ensures the day to day operations of the Town are not affected by cash flow in times when revenue from taxes hasn't been collected yet.

Please note that this isn't to say the Town will fully utilize the \$7.7 million; it is just temporary financing that may be required from time to time to avoid any cash flow issues prior to taxes being collected.

FINANCIAL IMPLICATIONS: The interest rate on such borrowing is Royal Bank prime minus ¼%.



COMMUNITY ENGAGEMENT: This temporary borrowing is operational in nature; Community engagement is not being contemplated.

ENVIRONMENTAL IMPLICATIONS: There are no environmental implications associated with this borrowing.

SOCIAL JUSTICE IMPLICATIONS: N/A

ALTERNATIVES: Council could approve a General Borrowing Resolution for a different amount or decline approval of any temporary borrowing for this purpose.

ATTACHMENTS: 1) General Borrowing Resolution

Report prepared by: Sarah Wilson, Director of Finance
Report and Financial approved by: N/A